MAXIMISING OPPORTUNITIES.

This is not a consumer advertisement. It is intended for Professional Financial Advisers and should not be relied upon by private investors or any other persons.

Misty Buddle – Key Relationship Manager

February 2015
PROTECTION OVERVIEW

THE GOOD NEWS

- Mortgage market is growing
- Lending could hit £250 billion by 2017
- Number of mortgages through intermediaries are going up.

NOT SUCH GOOD NEWS

- Despite the rapid increase in mortgages, Protection sales have declined.
- Only 39% of people have any life or critical illness protection
- Only 8% have both

Swiss Re published that Sales were down 17.4%, Critical illness sales down 21% and Income Protection by 24%.
PROTECTION OVERVIEW

The UK individual protection gap opportunity is currently…

£2.4 trillion* ...

...an increase of 20% over 10 years

amounts to £100,000 per person

* Swiss Re Term & Health Watch 2010
THE FULLY PROTECTED MORTGAGE

By addressing these 6 KEY AREAS OF PROTECTION you and your clients will be well on their way to a fully protected mortgage.

- UNEMPLOYMENT
- ACCIDENT
- SICKNESS
- CRITICAL ILLNESS
- DEATH
- FIRE, STORM OR FLOOD

Source: ONS Labour Market Statistics (June 2014).
LOAN ARRANGER OR AN ADVISER...?

- People want to buy houses
- People need mortgages
- Mortgages are sourced and arranged

- People need protection
- People rarely want to buy protection
- Protection needs to be Advised on and then bought

SOLD

ADVISSED

THE VALUE OF ADVICE IS BEYOND PRICE
WHY PEOPLE BUY.

Underlying principles:

• People buy what they want, not what they need
• People believe more what they experience for themselves

ASKING QUESTIONS GETS THE CLIENT TO EXPERIENCE REALITY
# THE FULLY PROTECTED MORTGAGE

So what does it look like from an adviser’s earning perspective?

<table>
<thead>
<tr>
<th>What is it worth?</th>
<th>Why it’s worth it</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgage average loan £148k</strong></td>
<td>Proc Fee = £500 @ 0.35%</td>
</tr>
<tr>
<td><strong>Protection £148k x 25 yrs. DTA (Joint Life &amp; CIC)</strong></td>
<td>Indemnity Commission = £1200</td>
</tr>
<tr>
<td><strong>Legal &amp; General GI average premium £300</strong></td>
<td>Commission = £75.00 @ 25%</td>
</tr>
<tr>
<td><strong>Will Writing referral</strong></td>
<td>Average introducer fee £150</td>
</tr>
<tr>
<td><strong>Conveyancing referral</strong></td>
<td>Up-to £200 per transaction (default £100)</td>
</tr>
</tbody>
</table>

What’s it all worth... **potentially £2,125**
**INCOME OPPORTUNITY**

Steady GI sales will build substantial value within your business

Note: This is for example purposes only

Based upon selling 2 G.I policies per week assuming an average premium £280 & a renewal rate of 80%.

<table>
<thead>
<tr>
<th>Potential Commission</th>
<th>Cummulative commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>£6,240</td>
<td>£0</td>
</tr>
<tr>
<td>£11,232</td>
<td>£5,000</td>
</tr>
<tr>
<td>£15,226</td>
<td>£10,000</td>
</tr>
<tr>
<td>£18,420</td>
<td>£15,000</td>
</tr>
<tr>
<td>£20,976</td>
<td>£20,000</td>
</tr>
</tbody>
</table>
IT COULD BE YOU...

- Happy to take a risk on the lottery with little chance of a payout
- Average spend £3.20 a week**** on gambling
- More likely to suffer a serious illness than to win the lottery

When Danny Baker was diagnosed with throat cancer, it was not the prospect of death that terrified him, but the idea that he would not be able to support his family while he received treatment.

“I thought ‘how on earth am I going to keep everything going for six or seven months without any money? In the end I did the only thing I could do – I rang Chris Evans and said You’re going to have to give me 30 grand’. And Chris did it in a heartbeat.”

But not everyone is lucky enough to be able to turn to a generous millionaire friend in a time of need.

CHILDREN’S CRITICAL ILLNESS COVER.

Source: Legal & General Claims Department 2014, based on critical illness claims paid in 2013.
### Life claims

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount paid</th>
<th>% of claims paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>£262 million</td>
<td>98.2%</td>
</tr>
<tr>
<td>2012</td>
<td>£274 million</td>
<td>97.6%</td>
</tr>
<tr>
<td>2011</td>
<td>£264 million</td>
<td>98.0%</td>
</tr>
<tr>
<td>2010</td>
<td>£226 million</td>
<td>97.8%</td>
</tr>
<tr>
<td>2009</td>
<td>£217 million</td>
<td>98.2%</td>
</tr>
<tr>
<td>2008</td>
<td>£215 million</td>
<td>98.1%</td>
</tr>
<tr>
<td>2007</td>
<td>£179 million</td>
<td>96.3%</td>
</tr>
<tr>
<td>2006</td>
<td>£152 million</td>
<td>96.6%</td>
</tr>
</tbody>
</table>

### Critical illness claims

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount paid</th>
<th>% of claims paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013*</td>
<td>CI - £153 million</td>
<td>92.3%</td>
</tr>
<tr>
<td></td>
<td>TI - £89 million</td>
<td>95.7%</td>
</tr>
<tr>
<td>2012</td>
<td>£209 Million</td>
<td>93.1%</td>
</tr>
<tr>
<td>2011</td>
<td>£177 million</td>
<td>93.2%</td>
</tr>
<tr>
<td>2010</td>
<td>£147 million</td>
<td>91.8%</td>
</tr>
<tr>
<td>2009</td>
<td>£152 million</td>
<td>93.6%</td>
</tr>
<tr>
<td>2008</td>
<td>£146 million</td>
<td>92.8%</td>
</tr>
<tr>
<td>2007</td>
<td>£110 million</td>
<td>88.2%</td>
</tr>
<tr>
<td>2006</td>
<td>£92.1 million</td>
<td>83.3%</td>
</tr>
</tbody>
</table>

* In line with new ABI guidelines, we have broken down our claims data by Critical Illness and Terminal Illness claims. Previously our Terminal illness claims were included within our Critical Illness statistics.

Source: Legal & General Claims Department 2013.
# CRITICAL ILLNESS CLAIMS SUMMARY

## CRITICAL ILLNESS CLAIMS 2013

Source: Legal & General Claims Department 2014, based on critical illness claims paid in 2013.

### CAUSE OF CLAIM | ALL CLAIMS PAID | FEMALE CLAIMANTS | MALE CLAIMANTS
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER OF CLAIMS PAID</td>
<td>AVE AGE OF CLAIMANT</td>
<td>AVE TIME IN FORCE (YEARS)</td>
</tr>
<tr>
<td>Alzheimer's disease</td>
<td>6</td>
<td>2</td>
<td>52</td>
</tr>
<tr>
<td>Angioplasty</td>
<td>16</td>
<td>16</td>
<td>59</td>
</tr>
<tr>
<td>Aorta graft surgery</td>
<td>5</td>
<td>1</td>
<td>39</td>
</tr>
<tr>
<td>Bacterial meningitis</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Benign brain tumour</td>
<td>51</td>
<td>28</td>
<td>37</td>
</tr>
<tr>
<td>Blindness</td>
<td>4</td>
<td>4</td>
<td>41</td>
</tr>
<tr>
<td>Cancer</td>
<td>150</td>
<td>150</td>
<td>54</td>
</tr>
<tr>
<td>Cardiomyopathy</td>
<td>5</td>
<td>2</td>
<td>45</td>
</tr>
<tr>
<td>Coma</td>
<td>8</td>
<td>4</td>
<td>45</td>
</tr>
<tr>
<td>Coronary artery by-pass surgery</td>
<td>25</td>
<td>2</td>
<td>55</td>
</tr>
<tr>
<td>Deafness</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Encephalitis</td>
<td>1</td>
<td>1</td>
<td>36</td>
</tr>
<tr>
<td>Heart attack</td>
<td>267</td>
<td>267</td>
<td>50</td>
</tr>
<tr>
<td>Heart valve replacement or repair</td>
<td>38</td>
<td>7</td>
<td>48</td>
</tr>
<tr>
<td>Kidney failure</td>
<td>11</td>
<td>6</td>
<td>42</td>
</tr>
<tr>
<td>Liver failure</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Loss of hands or feet</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loss of limbs</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Major organ transplant</td>
<td>7</td>
<td>4</td>
<td>45</td>
</tr>
<tr>
<td>Mastectomy for DCIS</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Motor neurone disease</td>
<td>9</td>
<td>2</td>
<td>53</td>
</tr>
<tr>
<td>Multiple sclerosis</td>
<td>145</td>
<td>102</td>
<td>41</td>
</tr>
<tr>
<td>Paralysis/paraplegia</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Parkinson’s disease before age 85</td>
<td>24</td>
<td>9</td>
<td>50</td>
</tr>
<tr>
<td>Primary dementia before age 65</td>
<td>3</td>
<td>2</td>
<td>66</td>
</tr>
<tr>
<td>Primary pulmonary hypertension</td>
<td>1</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>Stroke</td>
<td>189</td>
<td>78</td>
<td>45</td>
</tr>
<tr>
<td>Terminal illness (under Critical illness cover)</td>
<td>1</td>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>Third degree burns</td>
<td>1</td>
<td>1</td>
<td>42</td>
</tr>
<tr>
<td>Total and permanent disability</td>
<td>85</td>
<td>41</td>
<td>45</td>
</tr>
<tr>
<td>Traumatic head injury</td>
<td>5</td>
<td>1</td>
<td>53</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2423</strong></td>
<td><strong>1283 (53%)</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>
COVER WHERE IT MATTERS MOST.

• In 2013, almost 90% of our critical illness claims were from customers who have suffered from a heart attack, stroke, cancer or multiple sclerosis.

• That’s why we’ve extended our definitions of the cover provided for these ‘top four’ conditions.

• We’re committed to providing customers the most comprehensive cover where it matters the most.

• These changes came into effect for customers who took out a Critical Illness Cover from 21 September 2014.
THE FULLY PROTECTED MORTGAGE

By addressing these 6 KEY AREAS OF PROTECTION you and your clients will be well on their way to a fully protected mortgage.
ACCIDENT, SICKNESS OR UNEMPLOYMENT - IT WON’T HAPPEN TO ME... OR WILL IT?

UK insurers paid out £1.1m each day for accident and sickness claims during 2012.


2.16m people were unemployed in the UK between February and April 2014.

Source: ONS Labour Market Statistics (June 2014).
DEADLINE TO THE BREADLINE.

THE AVERAGE WORKING AGE FAMILY IN THE UK NOW HAS A DEADLINE TO THE BREADLINE OF JUST 11 DAYS.

Source: Legal & General's Deadline to Breadline Report 2014.
Taken from infographic Q0040994 01/14
DEADLINE TO THE BREADLINE.

REALITY CHECK.

The following findings come from our latest research on the state of the nation’s finances which appear in our Deadline to the Breadline report.

DEADLINE TO THE BREADLINE.
The average household in the UK now has a Deadline to the Breadline of 26 days for working age families and 11 days for pensioners.

REALITY VERSUS PERCEPTION.

People think they have 72 days to the breadline, the reality is nearly 3x lower.

REALITY: 26 DAYS PERCEPTION: 72 DAYS

45% of people know someone who has suffered a serious illness or injury.
23% Both friends and family and state benefits helped at least 23% of people.
8% think they’ll have to rely on family or friends in the future.

80% of people surveyed said they don’t expect anything or don’t know what state financial support their loved ones could receive, in the event of their death. For illness it was 30%.

Average WEEKLY household expenditure is £362.
Support available from family and friends is £107 MONTHLY.

4/5

HOUSEHOLDS ARE WORRIED ABOUT THE RISING COST OF LIVING

1. HOLIDAYS
2. GOING OUT
3. BUYING CLOTHES

TOP 3 SACRIFICES SHOULD THE WORST HAPPEN.

Alarming number of people don’t know what could be cut back!

13 YEARS. Households are saving £175 per month on average but it would take nearly 13 years to save one year average UK, gross salary of £27,000.

33% of households have no savings so they could be on the breadline tomorrow.

Source: Legal & General's Deadline to the Breadline Report 2014.
Infographic - Q0040994 1/14
Average weekly earnings for a full time employee in the UK in 2013?
£517 per week

Source: Office for National Statistics (ASHE UK 2013)

Level of JSA payment (over 25s) in the UK in 2013?
£72.40 per week

Source: Gov.uk website (September 2014)

Level of SSP payment (over 25s) in the UK in 2013?
£87.55 per week

Source: Gov.uk website (September 2014)
## THE REDUNDANCY RISK.

<table>
<thead>
<tr>
<th>Year</th>
<th>Companies Failing</th>
<th>Stores Affected</th>
<th>Employees Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 (to Sept)</td>
<td>39</td>
<td>1,282</td>
<td>11,892</td>
</tr>
<tr>
<td>2013</td>
<td>49</td>
<td>2,500</td>
<td>25,140</td>
</tr>
<tr>
<td>2012</td>
<td>54</td>
<td>3,951</td>
<td>48,142</td>
</tr>
</tbody>
</table>

Source: retailresearch.org website 9/14
LIFESTYLE COVER: THE OPPORTUNITIES.

Clients who rent may be eligible for cover as it protects their income.

Switcher option available for clients with an existing MPPI policy.

Children still living with parents may be eligible for cover if they have an income of their own.

Full Income Protection may be unobtainable due to age, occupation or health history.

Limitations and exclusions apply

This is a summary only and full product details can be found in the Lifestyle Cover Insurance Policy Booklet which is available through our Adviser Centre website.
LIFESTYLE COVER UPDATE.

AS Only Cover
Average £1.85 per £100 benefit
Based on 1,418 policies sold

ASU combined cover
Average £4.04 per £100 benefit
Based on 713 policies sold

U only cover
Average £2.74 per £100 benefit
Based on 1,847 policies sold

£1,213
• Average monthly benefit level chosen for AS only policies.

£892
• Average monthly benefit level chosen for ASU combined policies.

£1,323
• Average monthly benefit level chosen for U only policies.

Figures are based on all sales through Legal & General’s IFA distribution between Jan – Aug 2014.

Source: Legal & General’s Creditor Underwriting Team 10/14.
LIFESTYLE COVER – KEY SELLING POINTS.

Lifestyle Cover is designed to protect the client’s income.

- Monthly benefit level of up to 65% of gross salary as a maximum
- 12 month benefit period in the event of a claim
- Flexible cover options, deferred periods and benefit splits
- Pricing sophistication
- Switcher option

Limitations and exclusions apply.

This is a summary only and full product details can be found in the Lifestyle Cover Insurance Policy Booklet which is available through our Adviser Centre website.
LIFESTYLE COVER – KEY SELLING POINTS.

Limitations and exclusions apply

- Choice of payment options
  - Standard or back to day one cover available*

- Employed, self-employed or contract workers may be eligible for cover

- No medical underwriting
  - Exclusions apply for the first 12 months of the policy

- No occupations or hobbies excluded

- No limit on the number of claims that can be made

- Annual renewal
  - Renewal premiums are capped subject to no claims or cover changes being made

This is a summary only and full product details can be found in the Lifestyle Cover Insurance Policy Booklet which is available through our Adviser Centre website.
THANK YOU.

Are there any questions?

For further information, please visit our website:

www.legalandgeneral.com/advisercentre

Or alternatively, contact your Legal & General Account Manager.

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